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No. 9[redacted]393

# Supreme Court of the United States

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,

*Petitioner,*

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY AND CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,

*Respondents.*

## PETITION FOR WRIT OF CERTIORARI AND BRIEF IN SUPPORT THEROF.

CLIFTON V. EDWARDS,
ABRAHAM M. BEITLER,
*Of Counsel for Petitioner.*

L. MIDDLEDITCH CO., NEW YORK

# SUPREME COURT OF THE UNITED STATES.

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|---|---|
| WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Petitioner, vs. INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Respondents. | October Term, 1916. No. |

Sirs:

Please take notice that on Monday, March 5th, 1917, at the opening of the Court on that day, or as soon thereafter as counsel can be heard, the petition for writ of certiorari hereto annexed will be submitted to the Supreme Court of the United States at the City of Washington, D. C., and the Petitioner will move the Court for the relief prayed for therein. In support of said petition a brief will also be presented to the Court. A copy of the petition and of the brief are herewith served upon you.

New York, January 30, 1917.

Respectfully,
CLIFTON V. EDWARDS,
Attorney and of
Counsel for Petitioner,
No. 2 Rector Street,
New York City.

To:

Messrs. Fish, Richardson, Herrick & Neave,
Attorneys for Respondents,
5 Nassau Street,
New York City.

Due service of the foregoing notice and of the copies referred to therein is hereby admitted this day of February, 1917.

.....

Attorneys for the Respondents.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1916.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,
Petitioner,

vs.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,
Respondents.

**PETITION FOR WRIT OF CERTIORARI FROM THE SUPREME COURT OF THE UNITED STATES TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.**

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Your petitioner, William Cramp & Sons Ship & Engine Building Company, respectfully represents as follows:

1. On or about the 24th day of May, 1916, the respondents herein filed in the United States Circuit Court of Appeals for the Third Circuit a petition for writ of certiorari, or writ of mandamus, or other appropriate order from the said Circuit Court of Appeals for the Third Circuit to the District Court of the United States for the Eastern

District of Pennsylvania, which would in effect reverse a decision of the said District Court declining to take an account of alleged profits and damages in an action for infringement of a patent, by reason of defendant having, subsequent to the passage of the Act of Congress, approved June 25, 1910, to wit, on Sept. 7, 1911, entered into, and subsequently proceeding to carry out the provisions of an agreement with the Navy Department to build certain torpedo boat destroyers, known as Nos. 47, 48, 49 and 50, and engines therefor in accordance with the plans, specifications and drawings of the Navy Department specified by and made part of said contract, and which said plans, specifications and drawings cannot be complied with without doing that which respondents charge to be an infringement of their said patent.

2. The said Circuit Court of Appeals, on or about Jan. 11, 1917, filled an opinion directing the said accounting to proceed against the said transactions under said contracts 47, 48, 49 and 50 aforesaid. A copy of the opinion of the said Circuit Court of Appeals in annexed hereto and marked Exhibit A.

3. The suit in which the said accounting proceeding was directed was brought in the Circuit Court of the United States for the Eastern District of Pennsylvania on April 9, 1909, by the respondents herein, as plaintiffs, against your petitioner as defendant, and charged defendant with infringement of certain Letters Patent of the United States. In said proceeding the allegations of the bill and the testimony taken thereunder were confined solely to acts of petitioner committed prior to the passage of the Act of June 25,

1910, under certain contracts entered into October 1, 1908, between petitioner and the United States. The proceedings resulted in the entry of a decree by the District Court on or about May 1, 1914, in the usual form, finding infringement of said Letters Patent and directing generally an accounting against infringing transactions. A copy of said decree is annexed and marked Exhibit B. In the accounting proceedings under said decree, the plaintiffs therein (respondents herein) moved, on or about October 27, 1914, that the Master treat as infringing transactions and include within the accounting the acts of the defendant therein (petitioner herein) in entering into, on September 7, 1911, certain contracts with the Navy Department to build certain torpedo boat destroyers, known as Nos. 47, 48, 49 and 50, and building the engines thereof, in accordance with the plans, specifications and drawings of the Navy Department specified by and made part of said contracts, which said plans, specifications and drawings could not be complied with without doing that which respondents charged to be an infringement of their patent. Against petitioner's objection that such new transactions, occurring after the passage of the Act of June 25, 1910, were not "infringing" transactions, and therefore not within any decree, and that the Act of June 25, 1910, as construed by this Court in the case of *Crozier v. Krupp*, 224 U. S., 290, "provides for the appropriation of a license to use the inventions, the appropriation thus made being sanctioned by the means of compensation for which the statute provides," the Master nevertheless held that such transactions were not licensed transactions and ordered the defendant to account therefor as though the transactions were in infringement of the patent. Upon

petitioner's application to the District Court, that Court, following the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi Wireless Telegraph Co.* v. *Simon*, 231 F. R., 1021, overruled the Master and directed that the defendant's (petitioner's) objection be sustained, without prejudice to the right of the plaintiffs to proceed by separate bill, or in the Court of Claims, against any of the alleged infringing acts. Copies of the two opinions filed by the District Court are annexed and marked Exhibits C and D.

4. That in the said case of *Marconi Wireless Telegraph Co.* v. *Simon*, this Court on or about June 13, 1916 (241 U. S., 676), granted a writ of certiorari directing the said cause to be brought to this Court for review, and your petitioner is informed and believes that the said cause has been duly docketed in this Court and is now awaiting argument herein, being No. 485 upon the calendar for the October Term, 1916.

5. That the said plans and specifications forming part of said contracts with the Navy Department for said destroyers 47, 48, 49 and 50 have been delivered to petitioner under injunction of secrecy, the Navy Department instructions to petitioner covering the same, reading substantially as follows:

> "You will also please note the Bureau's instructions regarding the confidential nature of these plans and specifications, and will exercise every possible precaution to prevent unauthorized persons, and persons not citizens of the United States, from having access

to same or to any other information concerning this vessel. You will also take receipt in duplicate from your employees to whom copies of the specifications may be intrusted, forwarding these receipts to this office for record. The blank receipts for this purpose are bound in each copy of the specifications."

Your petitioner also states that this application is made in conformity with the desire of the Navy Department, as indicated in a letter from the Secretary of the Navy filed herewith, a copy of which is printed herewith and marked Exhibit F.

6. That the said direction of the Circuit Court of Appeals for an accounting, although in the form of an interlocutory order, is, nevertheless, your petitioner respectfully submits, in all its reality a final direction granting in advance all the relief prayed for by the said petitioner in what was virtually a new cause of action, for under such direction defendant must actually undergo the accounting as fully as though the transactions in question had after trial been decided to be unlawful. Such an accounting proceeding would involve the disclosure of privileged and confidential matter relating to the transactions of petitioner with the Navy Department, including the aforesaid plans, specifications and drawings delivered to petitioner under injunction of secrecy by the Navy Department as aforesaid, as well as certain details of calculations and design of turbine manufacture, and would be expensive and vexatious to the defendant far beyond any costs that might thereafter be awarded in compensation thereof; all of which, your petitioner submits, would be detrimental to the public interests, and also unjust to petitioner.

Your petitioner is amply able to respond in any sum of damages and profits that might ultimately be awarded against it, if any; whereas, if plaintiffs are not permitted to proceed to an accounting against said contracts 47, 48, 49 and 50, until after a decision of this Court, they will suffer nothing more than a short delay in the collection of money damages. Moreover, under the order of the District Court, plaintiff's are entirely free to proceed forthwith against all transactions of the character complained of or passed upon by the Court up to the time of entering its interlocutory decree, and against transactions with others than the United States Government, if any, subsequent to the passage of the Act of June 25, 1910; and they are also free to proceed against the vessels here in question in such manner as to require a determination of the legal question involved before putting defendant and the public to the great harassment of an accounting proceeding.

7. That your petitioner represents that the question involved herein is solely a question of law, the respondents' right to an accounting, if any, being predicated upon the proposition that the Government may not acquire, by eminent domain, a right or license to use the patent rights if any, necessarily entering into the plans and specifications made part of its contract, and that such license did not protect your petitioner in so far as petitioner was required by its contract to follow said plans and specifications; that this question is presented for decision in the aforesaid case of *Marconi Wireless Telegraph Co.* v. *Simon*, in which this Court has granted a petition for writ of certiorari, and is covered by one

or more of the statements set forth in paragraph 7 of the petition of the said Marconi Company for said writ of certiorari (No. 485, October Term, 1916), as follows: —

(a) Does the said Act of Congress of 1910, as construed by this Court in the case of *Krupp* vs. *Crozier*, 224 U. S., 290, confer on the United States government a license under patents granted by the United States and admittedly valid, without the consent of the owner of the patent, including the right to license individual contractors to make and sell apparatus to the Government to such an extent as to deprive the District Courts of jurisdiction of suits brought against such contractors?

(b) Does the Act of 1910 confer a right and license on contractors engaged in supplying apparatus to the United States Government or its Departments to appropriate, without the patentee's consent, any and all inventions protected by letters patent owned by others as may be necessary in carrying out their contracts, and make them immune not only to suits for injunctions, but also to suits seeking an account of profits which they make as makers and vendors of such patented apparatus, and an assessment of damages which the owner of the patent may sustain by reason of the infringement?

(c) Was it the purpose of the Act of 1910 to provide compensation for compulsory licenses in favor of the United States and contractors with it, under patents, the inventions of which the United States and such contractors may appropriate, and at the same time to provide that the United States may deny the title, validity or existence of the patent property appropriated by

it, in a suit against it under the Act for compensation for such appropriation by it?

(d) Does the Act of 1910 take away from the owners of patents the right [if any] theretofore had to sue infringing contractors with or vendors to the United States Government and to obtain injunctions restraining such contractors and vendors from infringement, and to recover damages and profits from them?

(e) Is the Act of 1910 an enlarging and remedial statute giving to patentees a right to sue the United States in tort for infringement, or has it the effect of conferring a license on the United States and those selling apparatus to it?

8. That your petitioner and the Navy Department are both vitally interested in the determination of this question, and in the presentation to this Court of the circumstances of this case, as bearing upon the decision to be arrived at in the Marconi case; that in the said Marconi case, your petitioner, at the request of the Navy Department to present to the Court a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for government contracts as developed in the suit of these respondents against your petitioner, applied for and was granted permission by the Circuit Court of Appeals for the Second Circuit to file a brief in that Court as *amicus curiae*, and did so file a brief. Petitioner annexes hereto as Exhibit E a copy of the letter from the Navy Department requesting the petitioner to make application in the said *Marconi*

*Wireless Telegraph Co. v. Simon* case, which letter was annexed to petitioner's application to the Circuit Court of Appeals for the Second Circuit in that case, and also annexes hereto, marked Exhibit F, a copy of a letter from the Navy Department requesting petitioner to make this application.

9. Your petitioner respectfully submits that the present case is one in which it is proper for this Court to issue a writ of certiorari for the following reasons, among others:—

(A) Because grave public interests, the interest of *every* patentee, and the interests of jurisprudence require the decision of this Court upon the questions of law involved herein.

(B) Because the questions of law here involved are broad and of far reaching effect and are of great interest to all individuals, firms and corporations holding patents on any articles, commodities or methods which may be required by the Government or any of its departments and which they may from time to time purchase or contract to purchase from infringers.

(C) Because the opinion of the Circuit Court of Appeals in the case at bar is in conflict with the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi* vs *Simon*, 231 F. R., 1021.

(D) Because the facts in the case at bar, as indicated by the request of the Navy Department to your petitioner to state such facts to the Court, present the hindrances and embarrassments which would result both to parties dealing

with the Government and to the Government itself from an interpretation of the law which would, contrary to that given in the said case of *Marconi* vs. *Simon*, hold the Government liable to compensation for the use of the invention, and at the same time subject to all the hindrances and embarrassments of an unlawful user.

10. That a certified copy of the record herein is filed as a part of this application, together with a brief in support thereof, by your petitioner's counsel.

Wherefore your petitioner prays that this Honorable Court will be pleased to grant a writ of certiorari in this case to the Circuit Court of Appeals for the Third Circuit to bring up this case to this Honorable Court to the end that the case may be reviewed and determined by this Honorable Court, and that your petitioner may have such other and further relief in the premises as may seem appropriate, and that the said decree of the Circuit Court of Appeals for the Third Circuit, and every part thereof, may be reversed by this Honorable Court.

And your petitioner will ever pray, etc.

William Cramp & Sons Ship & Engine Building Company,

By Henry S. Grove,
President.

Clifton V. Edwards,
Abraham M. Beitler,
Solicitor and of Counsel for Petitioner.

**Certificate.**

I hereby certify that I am of counsel for the petitioner herein, William Cramp & Sons Ship &

Engine Building Company; that the allegations of fact contained in said petition are true, and that said petition is, in my opinion, well founded in law as well as in fact.

CLIFTON V. EDWARDS,
ABRAHAM M. BEITLER,
Of Counsel for Petitioner.

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**Exhibit A.**

UNITED STATES CIRCUIT COURT OF APPEALS,

FOR THE THIRD CIRCUIT.

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| INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES, Complainants-Appellants, vs. WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY, Defendant-Appellee. | No. 2126. |

BUFFINGTON, *J.*:

This application for a mandamus or other appropriate process in effect asks us to reverse the ruling of the court below, which is reported in International Curtis Marine Turbine Co. *vs.* Cramp & Sons, 232 Fed. Rep., 166, and to direct the master to proceed in an accounting for con-

tracts Nos. 47, 48, 49 and 50, made by the defendant with the United States Government. The question passed upon by the court below in that decision is as we view it, involved in a case in the Second Circuit, Marconi *vs.* Simon, 231 Fed. Rep., 1021. This latter case is now under review by the Supreme Court of the United States on certiorari at No. 485 of October Term, 1916. As a decision therein will settle the case pending before us it seems proper for this court to await the action of the Supreme Court. In view, however, of the fact that the press of business of that court may prevent an early hearing and decision of the case pending before it we will, without passing on the merits of the case now pending before us, for the interim, direct the court below to enter an order directing the master to proceed to an accounting upon contracts Nos. 47, 48, 49 and 50, keeping the proofs and proceedings thereunder separate from those under contracts Nos. 30 and 31. By following this course the delay and loss of time which would result in the case in this Circuit if the view of the Second Circuit is sustained, will be avoided and in case the view held by the court below is sustained the present order will only have involved costs for which the plaintiff will of course be liable.

The case will therefore be retained in this court for the time being to await the decision of the Supreme Court, but pending such time the court below will enter an order directing the master to proceed in the accounting upon contracts Nos. 47, 48, 49 and 50 as above indicated.

**Exhibit B.**

DISTRICT COURT OF THE UNITED STATES,

EASTERN DISTRICT OF PENNSYLVANIA.

INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES,

Complainants,

vs.

WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY,

Defendant.

INTERLOCUTORY DECREE AFTER MANDATE.

A decree having been entered herein on April 12, 1912, ordering that the Bill of Complaint be dismissed, and an appeal having been taken to the Circuit Court of Appeals for the Third Circuit, and the Mandate of said Court having been received and filed in this Court, now, in accordance with said Mandate, it is Ordered, Adjudged and Decreed,

1. That the decree entered herein on April 12, 1912, is hereby set aside in so far as it relates to patent No. 566,969 granted to Charles G. Curtis on September 1, 1896.

2. That the said patent No. 566,969 is a good and valid patent and that the complainants are the lawful and exclusive owners of said patent.

3. That the defendant has infringed upon the complainants' exclusive rights under said patent as defined in claims 1, 2, 3, 4, 5, 6, 8, 9 and 11 thereof.

4. That the complainants do recover of the defendant the profits, gains and advantages derived, received or made by it by reason of said infringement, and any and all damages which the complainants, or either of them, have sustained by reason of the said infringement, and it is hereby referred to Hector T. Fenton, on account of his special fitness and experience, as a Master of this Court, to take and state the account of said profits, gains, advantages and to assess such damages and to report thereon with all convenient speed; and the defendant and its attorneys, officers, directors, clerks, servants and workmen are hereby directed and required to attend before said Master from time to time as required, and to produce before him such books, papers, vouchers and documents and to submit to such orders and oral examinations as the Master may require.

5. That the complainants do recover of the defendant their costs and disbursements in the Circuit Court of Appeals as specified in said Mandate and that the matter of the costs in this Court be left until the coming in of the Master's report.

6. That the question of increase of damages and all other questions be reserved until the coming in of the Master's report.

J. W. THOMPSON,
Judge.

May 1, 1914.

Approved as to form:

C. V. EDWARDS,
Counsel for Defendant.

April 30, 1914.

C. BRADFORD FRALEY,
Solicitor for Complainant.

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**Exhibit C.**

(Copy).

IN THE DISTRICT COURT OF THE UNITED STATES,

FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

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| INTERNATIONAL CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES<br><br>vs.<br><br>WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY. | In Equity No. 263 |

UPON DEFENDANT'S MOTION TO EXCLUDE EVIDENCE BEFORE THE SPECIAL MASTER.

THOMPSON, *J.*:

Filed July 2, 1915.

In the case of Firth Sterling Steel Company against Bethlehem Steel Company, 216 Federal

Reporter, 755, this Court in an opinion by Judge Dickinson has held that:

> "The right of action given by the Act of 1910 against the government does not grant immunity to any private trespasser upon the rights of patentees."

In that case the defendant was manufacturing projectiles for the government which it was held infringed plaintiff's patent. Upon appeal it was held by the Circuit Court of Appeals that the claims of the patent which it was alleged were infringed were invalid. The question here raised was, therefore, not decided by the Appellate Court. In view of the importance of a final decision of the question here presented, and the desirability of expediting its decision, we are of the opinion that the ruling of the Master in admitting in evidence defendant's contracts #47, 48, 49 and 50, with the United States should be overruled without prejudice to the right of the plaintiffs to proceed by separate bill, if they be so advised, in order to determine their right to recover from the defendant the profits accruing to it through its alleged infringing acts under the contracts in question, and without prejudice to their right to raise any question upon the issues here presented in the Court of Claims.

The defendant's motion to exclude the evidence before the Master is allowed accordingly.

**Exhibit D.**

IN THE DISTRICT COURT OF THE UNITED STATES,

FOR THE EASTERN DISTRICT OF PENNSYLVANIA.

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| INTERNATIONAL CURTIS MARINE TURBINE COMPANY and CURTIS MARINE TURBINE COMPANY OF THE UNITED STATES<br><br>vs.<br><br>WILLIAM CRAMP & SONS SHIP & ENGINE BUILDING COMPANY. | 263.<br>In Equity |

UPON REHEARING SUB-DEFENDANT'S MOTION TO EXCLUDE EVIDENCE BEFORE THE SPECIAL MASTER.

(Filed 21 March, 1916.)

THOMPSON, *J.*:

Since the argument upon the rehearing, the Circuit Court of Appeals for the Second Circuit has affirmed the decree of Judge Hough in the case of Marconi Wireless Telegraph Company of America *v.* Emil J. Simon, upon Judge Hough's opinion, Judge Ward dissenting.

Judge Hough in his opinion said:

> "The questions therefore became the following: (1) What is the legal position of the sovereign in respect of patent rights granted by itself under the Act of 1910? (2) How does that act, or more accurately

the legal position of the United States thereunder, affect or protect an independent contractor?

So far as the first query is concerned it has been fully and finally answered by Crozier *v.* Krupp (224 U. S., at 305), which holds that having regard to 'the undoubted authority of the United States as to such subjects (as patents) to exercise the power of eminent domain, the statute * * * provides for *the appropriation of a license to use the inventions*, the appropriation thus made being sanctioned by means of compensation for which the statute provides.'

It may in some sense be true, as is urged by the plaintiff, that the act is remedial and does not disturb any of the rights of a patentee which existed before its passage. But it is also true that if the act creates a legal *status* the relation of the holder of that status to the rest of the word is affected by the statute, whether such change or modification of relation be specifically mentioned or described in the act or not.

The Supreme Court has defined the somewhat inartificial language of the statute. What the act contemplates being done by the United States is to *use* an invention 'described in and covered by a patent.' This is held to be equivalent to the expropriation or appropriation of a 'license to use the inventions.' This means a license in its widest sense, *i. e.*, both to make and to use, and possibly to sell, but certainly both to make and to use.

In this instance the navy, through its offi-

cers, has appropriated by right of eminent domain a license to make and use any and all articles covered by the patent in suit. It could plainly make them in its own yards or other work-places by its hired employes or permanent officers. It could take Simon into its employment at a stated stipend, and it could even make that stipend the exact amount of his estimated profit under the contract. If this has been done the plaintiff could certainly do nothing but institute an action in the Court of Claims. Simon would be as immune as an admiral. However repugnant to business and professional feeling this method of riding roughshod over the rights of a patentee may be, it is difficult for me to perceive that there is any substantial difference between what the government admittedly might have done and what it has done in respect of this contract. Any distinction drawn between doing an infringing job by day's work and doing the same job by contract is without substance.

But it is said (and here hangs the plaintiff's whole case) that before the Act of 1910 the holder of a patent could sue a contractor with the government for infringement as fully and freely as he could any one else, provided always that he did not by injunction or otherwise interfere with government possession of anything (however obnoxious to the patentee's rights) actually in governmental use (Brady *v.* Atlantic Works, *supra;* International, &c., Co. *v.* Cramp, 211 Fed. Rep., 124, and cases therein cited). In my opinion this is true, but not so as to the

corrollary stated by plaintiff, viz., that since this right existed before the Act of 1910 and is not explicitly taken away by that statute, it must still survive as fully as of old. If the reason of the law fails, the law ought to fail with it; this maxim seems to me to apply very forcibly here. The reason for permitting actions for infringement by private parties against government contractors was that since infringement was a *tort*, and the United States had never consented to be sued *in tort*, patentees were without remedy. Now they have such remedy under the statute, and cannot take what the statute gives (or imposes) and retain what they had before if it interferes with governmental enjoyment of its license.

The United States has a license under this patent to make, use, and perhaps to sell, to any extent deemed beneficial to the Commonwealth, and without any territorial or other limitation upon its own right. A license to make and use is not (in the absence of specific language in his license) limited to making with his own hands, in his own shop, or by his own employees. He may employ, procure or contract with as many persons as he chooses to supply him with that which he may lawfully use, provided such conduct does not change his relation to the licensor. In my opinion this is exactly what the government has done here, and Simon is not an infringer because he is supplying lawful goods to a lawful licensee (Foster Hose Supporter Co. *v.* Taylor Co., 191 Fed. Rep., 1003)."

The decision of the Circuit Court of Appeals for the Second Circuit adopting the opinion of Judge Hough is to be regarded as decisive of the question here raised, unless the Circuit Court of Appeals for this Circuit in its opinion and decree ordering an accounting determined as the law of this case that, in a suit by a patentee against an independent contractor, an accounting should be had of profits accruing in making turbine engines for torpedo boat destroyers for the government under contracts entered into after June 25, 1910.

The present suit was commenced in 1909, and the contracts under consideration upon the appeal were Nos. 30 and 31, entered into in 1908. There was apparently nothing before the Court relating to contracts with the government subsequent to the passage of the Act of June 25, 1910, and there is no discussion of any such transactions by the Court in its opinions. Contracts Nos. 47, 48, 49 and 50 were not entered into until 1911, and it is apparent that the sole question before the court, where the question of jurisdiction was discussed, was one of equitable jurisdiction of a suit begun prior to the Act of June 25, 1910. This is apparent from the following language in Judge Buffington's opinion (211 Fed. at page 152):

> "Since the litigation began, the *two torpedo boat destroyers referred to* have been finished and delivered to the government and the plaintiffs do not now ask that the decree shall in anywise be directed against these vessels, or against the government in respect thereof. The bill contains no averment that the defendant is building or threatening to

build infringing turbines *for commercial use;* only certain ships of war are involved in the suit; and, for reasons to be briefly stated, we are of opinion that no injunction should now be granted. We do not agree that the court below should have dismissed the bill for want of jurisdiction. Neither the United States nor one of its officers is a party defendant, but the suit is brought solely against a private corporation that had contracted to do certain public work.

The bill was filed in 1909, and we think *there was then* no doubt that the court below had the right to entertain it.

* * * * * *

But since the suit was brought, the act of 1910 has been passed, and has been interpreted by the Supreme Court in the recent case of Crozier *v.* Krupp, 224 U. S., 290, 32 Sup. Ct., 488, 56 L. Ed., 771. This statute, we think, furnishes a practical solution of the questions arising upon this branch of the case. Even if the plaintiffs did not disclaim the desire to interfere with the government's possession of the vessels, there is no longer any ground upon which a final injunction can be properly rested, even in a suit against a contractor with the government, where the dispute concerns such property as vessels of war. *If the United States has infringed*, or shall hereafter infringe, the patents that we have been considering, the act of 1910, permits the plaintiffs to sue in the Court of Claims, Crozier *v.* Krupp, *supra.* And if the defendant shall undertake to infringe hereafter by making offend-

ing turbines *for commercial use*, relief can be obtained by another suit."

It seems to be conclusive, therefore, that the Circuit Court of Appeals had not before it in the consideration and decision of the case the situation now presented, and that its order for an accounting should not be construed as intended to include an inquiry whether the turbine engines in torpedo boat destroyers made by the defendant under contracts with the government entered into since June 25, 1910, infringed the plaintiff's patent (as would have been the inquiry but for the provisions of the Act of 1910), and, if found to be infringements, an inquiry and report regarding the defendant's profits. There was no decision by the Circuit Court of Appeals that the license acquired by the United States by right of eminent domain to use the invention of the plaintiffs' patent was not a license under the broad signification of the term "license to use," including the right to make and use, as was held by the Special Master in overruling the objection of the defendant to any inquiry into any transaction under contracts Nos. 47, 48, 49 and 50.

The Court will therefore follow the construction of the Act of 1910, adopted in Marconi Wireless Telegraph Company of America *v.* Simon, applying the doctrine of Crozier *v.* Krupp to a suit by a patentee against an independent contractor with the government. It is therefore held that the defendant is not, as to the contracts entered into since June 25, 1910, an infringer, and is not liable to an accounting for anything done under those contracts, and that the Special Master was in error in overruling

the motion of the defendant to exclude from its accounting the profits, if any, made by defendant for building turbine engines under contracts 47, 48, 49 and 50.

It is ordered that the action of the Special Master in overruling the defendant's objection be overruled, and that the defendant's objection be sustained, without prejudice, as noted in the memorandum opinion filed July 2, 1915.

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**Exhibit E.**

(Copy).

NAVY DEPARTMENT.

Washington, January 7, 1916.

Gentlemen:

Referring to the case in which the International Curtis Marine Turbine Company sought a few years ago to obtain from the Department certain confidential plans that accompanied your proposals for constructing torpodo boat destroyers Nos. 47 to 53, I have to advise you that the question as to the rights and privileges of a contractor with the Government respecting letters patent that cover articles and supplies required in the public service is now before the United States Circuit Court of Appeals for the Second Circuit in the case of the Marconi Wireless Telegraph Company of America *v.* Emil J. Simon, which case, as the Department is at present advised, will be heard early in February *proximo*.

The Department requests, that if agreeable to you and to said Court, you have presented to

the Court for its information in the Marconi-Simon case a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for government contracts, as developed in the suit of the Curtis company against you, which, as the Department is advised, is still unsettled.

Very respectfully,

(Signed) FRANKLIN D. ROOSEVELT,
Acting Secretary.

The William Cramp and Sons
Ship and Engine Building Company,
Philadelphia, Pa.

**Exhibit F.**

NAVY DEPARTMENT

WASHINGTON, ~~February 1~~ January 31, 1917.

Gentlemen:

Referring to the letter from this Department to you under date of January 7, 1916, in which you were requested to apply to the United States Circuit Court of Appeals for the Second Circuit in the case of the *Marconi Wireless Telegraph Company of America* v. *Emil J. Simon* for permission to present to the Court for its information a statement of the hindrances and disadvantages resultant from improper disclosure in suits between private parties of confidential matters connected with proposals for Government contracts, as developed in the suit of the Curtis Company against you, and also referring to the fact that the Circuit Court of Appeals for the Third Circuit has directed an account to proceed against you for transactions under your contracts with this Department for the construction of torpedo boat destroyers Nos. 47 to 50, you are advised that the Department considers it of great importance that a determination of the matter by the Supreme Court be obtained, with the facts before it as developed in the suit against you, so as to show the disadvantages and hindrances to the Department resultant from proceedings between private parties that involve publicity of the Department's confidential transactions and operations.

Very ~~respectfully~~ truly yours,

(Signed) JOSEPHUS DANIELS,
Secretary.

~~Wm~~ William Cramp and Sons
Ship and Engine Building Company,
Philadelphia, Pennsylvania.

SUPREME COURT OF THE UNITED STATES,

October Term, 1916.

William Cramp & Sons Ship & Engine Building Company,
Petitioner,

vs.

International Curtis Marine Turbine Company and Curtis Marine Turbine Company of the United States,
Respondents.

## BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

### General Statement.

The facts and proceedings on which this Court is asked to review by writ of certiorari, the decision of the Circuit Court of Appeals for the Third Circuit, are set forth in the petition for such writ.

The case at bar is of general interest in that it involves the interpretation of a Federal Statute entitled "An Act to provide additional protection for owners of patents of the United States, and for other purposes." (Approved June 25, 1910; 36 Stats. 851; C. 423.)

This Act is important in its effect (a) upon the rights of patentees as against private individuals engaged in manufacturing and supplying to the United States Government for its depart-

ments, under contract or otherwise, articles embodying the inventions of the patentees, but who hold no licenses from the patentees; (b) upon the rights and liabilities of such manufacturers, dealers or contractors; (c) upon the rights of the patentees as against the United States Government itself in such a case; (d) upon the rights of the United States Government to be protected against injunction, annoyance or harassment of itself and its agents by patentees.

The case also involves the question of the jurisdiction of the District Court in suits against contractors with or vendors of alleged infringements to the United States, subsequent to June 25, 1910, for alleged infringement of patents, and a conflict of decisions between the Circuit Court of Appeals for the Second Circuit in a case of *Marconi* vs. *Simon*, 231 F. R., 1021, and the proceeding ordered by the Circuit Court of Appeals for the Third Circuit in the case at bar.

## I.

**The decision of the Circuit Court of Appeals is in its practical effect of final character.**

The decision of the Circuit Court of Appeals for the Third Circuit directing an accounting to proceed, in effect reverses the decision of the lower court and virtually orders the respondent to do forthwith all that respondent would be required to do if a final hearing and determination of the questions involved had been had. It may be questioned whether the order in question is one issued in certiorari proceedings, a

mandamus order or otherwise, and may also be questioned whether or not the exigency of this case is such as to justify the extraordinary procedure of issuing a writ or order of the kind in question. (*In re Garrosi*, 229 F. R., 363; *Lovell McConnell Mfg. Co. v. Bindrim*, 219 F. R., 533.) No precedent is cited for such a writ and, so far as we know, none exists. However this may be, it is submitted that the effect of the order is virtually final since, if the accounting proceeds, the injury to the petitioner and to the United States Government will have been done and no costs that could afterward be awarded would cover this injury. Petitioner will be subjected to the great expense and interference with its work involved in producing books of account, etc., and both petitioner and the Government will be embarrassed in requiring petitioner to disclose the plans, specifications and drawings of the machines in question, for determination of whether such structures embody the invention of the patent. Although it may well be that the Government may not object to the disclosure of some or even all, of this information, such a matter cannot be determined in advance of the proceedings, but can only be determined from time to time as information desired is called for. All of this involves taking the time of officers and employees of the petitioner from Government work, and great embarrassment to both petitioner and the Government.

## II.

**Only question involved is one of law, and decision of Circuit Court of Appeals for Third Circuit is contrary to that of Circuit Court of Appeals for Second Circuit.**

The only question involved here is whether as matter of law petitioner is to be treated as an infringer by reason of having on Sept. 8, 1911, entered into contract with the United States Government to build certain torpedo boat destroyers and engines therefor, in accordance with certain plans, specifications and drawings of the Navy Department, which said engines could not be built according to the said plans, specifications and drawings without embodying the alleged invention of the patent in question, and having thereafter proceeded to build said engines in accordance with said plans, specifications and drawings.

The interlocutory decree under which the accounting was initiated, was based wholly upon acts committed prior to the passage of the Act of June 25, 1910, no question of infringement by reason of acts subsequent to June 25, 1910, having arisen in the case before the entry of the decree. A previous application to this court to review said decree, therefore, did not involve the question presented by this petition.

Under the law as laid down generally in *Crozier* v. *Krupp*, 224 U. S., 290, the making of a device covered by Letters Patent, by a Government officer, constitutes an appropriation of the right to make the device and an agreement to make compensation. It is well settled that one who acquires the right to make a device also acquires the right to have the device made for

him, and it is also well settled that the agent who makes for a licensee is not a trespasser, but is protected by the license. (*Stone Cutter Co.* v. *Shortsleeves*, 16 Batch., 381; *Johnson Railroad Signal Co.* v. *Union Switch & Signal Co.*, 55 F. R., 487.)

The opinion of his Honor, Judge Hough, affirmed by the Circuit Court of Appeals for the Second Circuit in the case of *Marconi* v. *Simon*, specifically applies this law, holding that the contractor doing that which he is required to do by the Government is not to be treated as a trespasser, but is acting for a licensee who is bound to make the compensation provided for in the license. The District Court, in the case at bar, as appears from its opinion, expressly followed the law as established by the decision of the Circuit Court of Appeals for the Second Circuit in the said case of *Marconi* v. *Simon*, which interpretation has since been followed by his Honor, Judge Hale in the District of Maine, in the case of *Electric Boat Co.* v. *Lake Torpedo Boat Co.*, decree entered April 3, 1916, and his Honor, Judge Rellstab, in the District of New Jersey, in the case of *Electric Boat Co.* v. *Torpedo Boat Co.*, decree entered May 8, 1916, both unreported.

That the ultimate disposition of the case at bar will turn upon the decision of this Court in the said case of *Marconi* v. *Simon* is indicated in the opinion of the Circuit Court of Appeals, herein complained of, which says:

> "The question passed upon by the Court below in that decision is, as we view it, involved in a case in the Second Circuit, *Marconi* v. *Simon*, 231 Fed. Rep., 1021. This latter case is now under review by the Supreme Court of the United States on cer-

tiorari at No. 485 of the October Term, 1916."

The opinion also adds that

"A decision therein will settle the case pending before us."

Nevertheless, we respectfully submit, your petitioner is now ordered to proceed to an accounting, although subject to cessation thereof if and when this Court affirms the *Marconi* v. *Simon* case.

We, therefore, respectfully submit that the order of the Circuit Court of Appeals directing the accounting proceedings herein is contrary to the decision of this Court in the case of *Crozier* v. *Krupp*, and directly contrary to the decision of the Circuit Court of Appeals for the Second Circuit in the case of *Marconi* v. *Simon*.

## III.

### Facts and law involved in case at bar.

The case at bar differs from the *Marconi* v. *Simon* case in that in the case at bar the patent in suit expired on Sept. 1, 1913, and therefore the only matter here in dispute is the right of the respondent to compel petitioner to account for profits and damages by reason of acts done by petitioner during the period from Sept. 8, 1911, to Sept. 1, 1913.

Although the case at bar is thus confined to the question of petitioner's right of accounting, a similar question is also presented in the *Marconi* v. *Simon* case; and indeed, the right to an accounting, as well as the right to an injunction,

are both founded upon the same condition precedent, *i. e.*, that there shall have been an infringement of a patent right. If there has been no infringement, then a patentee would be entitled to neither injunction nor accounting.

The effect of an accounting, however, is but little less embarrassing and harassing than the effect of an injunction. Among the evil effects of subjecting contractors dealing with the Government to an accounting proceeding covering acts which they are required to do by contract with the Government may be mentioned the following:

(1) Military and naval secrets, and other confidential matters relating to the Government's business would be subject to disclosure in suits between private parties. Through carelessness, inadvertence, lack of appreciation of the necessity for secrecy, or even through bad faith, a party in order to avoid the inferences naturally raised against him by refusal to disclose matters in question, might voluntarily or under compulsion disclose to the opposing party in the litigation confidential matters of the Government. These matters are many and varied. In the case at bar, there is involved the design of propelling machinery for torpedo boat destroyers, an engine design intended to give the highest attainable speed. Such design includes not only features of novel construction but also dimensions, materials, proportions and other features either disclosed outright, or readily deducible from the drawings, plans and specifications.

(2) Contractors with the Government would naturally be deterred from bidding upon Gov-

ernment work, or offering the Government the most favorable terms, if they are subject to have all their books and papers relating to their transaction with the Government dragged into Court, have the time of their officers taken in explaining these matters to the court, and then be subject to the payment of damages or profits in addition to the compensation ultimately awarded by the Court of Claims, which compensation, according to the usual practice of the Government, is also required to be ultimately borne by the contractor.

(3) The door would be opened to collusive suits against individuals to acquire information regarding military and naval secrets.

If petitioner's act is an infringing act such as would justify a court in ordering petitioner to account for profits and damages, it must also be an infringing act for the purpose of awarding an injunction, with all of its attendant harassment and even possible stoppage of Government operations.

According to the respondents' interpretation of the law and the interpretation upon which the order complained of must be predicated, a patentee is free to enjoin the contractor with the Government, to make him pay damages and profits for the making of a device, and then, in addition, to compel the Government to pay for the use of the device. It can readily be imagined what this would lead to if the patentee should refuse to make the device for the Government, or demand exorbitant or impossible conditions for the giving of his consent to the Government to use the invention.

**Conclusion.**

For the reasons above, we respectfully submit that this petition should be granted and the question as raised in this case be heard in this Court, with the said *Marconi* v. *Simon* case, or in advance thereof, if the Court shall so desire.

Respectfully submitted,

CLIFTON V. EDWARDS,
ABRAHAM M. BIETLER,
Counsel for Petitioner.